

ALASKA STATE LEGISLATURE

HEALTH & SOCIAL SERVICES
COMMITTEE

EDUCATION COMMITTEE



SENATOR Tom Begich
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July 3, 2017

Federal Communication Commission
442 West 12th Street, SW
Washington, DC
20554

RE: WC Docket 17-114

Dear Commissioner Pai,

I write today in response to the proposed merger of General Communications Inc. (GCI) with Delaware-based Liberty Ventures Group to form GCI-Liberty. In their application to the FCC, GCI states that the merger will help them meet their commitments under the Alaska plan to provide greater broadband access to remote and rural areas within Alaska. While it is my hope that this merger will do just that, I understand that rural broadband remains outrageously expensive and the monopoly set up by the FCC's Alaska Plan has done a disservice to this region. Before the merger can be approved, I would like a commitment of greater visibility from GCI on how the newly formed GCI-Liberty will provide a greater level of service that is affordable to the communities in Alaska who rely on internet for everything from tele-medicine to distance learning.

As a lifelong Alaskan, I understand all too well the huge cost of providing services to rural Alaska. I know that you visited the state in 2014 and were able to get a glimpse of the incredible scale of our home state. The Alaska Plan, and grants made possible through the FCC's E-Rates program are a lifeline for Alaska communities. The FCC has committed billions to build the infrastructure to provide broadband internet access. In particular, the FCC subsidies in Southwest Alaska have funded the infrastructure that makes up GCI's TERRA project, yet costs have not gone down. Even before e-rates kick in, schools in the region find themselves paying hundreds of thousands of dollars a month for state-mandated broadband internet access. The FCC is directly subsidizing GCI which, without competition, is free to charge whatever it likes with little oversight.

Given the unique operating environment, it may seem difficult to see how much broadband access should cost, but we do have an example to show how sharing connectivity infrastructure

can provide competition and lower costs: The Northwest hub community of Nome previously paid \$305,000/month for GCI up until last month when a new broadband provider became available. Quintillion has a sub-sea fiber optic cable that runs along the North Slope of Alaska from Prudhoe Bay. By using that infrastructure, a competitor was able to provide the same speed of internet access to the community at a cost of \$95,000/month. This dramatic price drop may not be possible in all communities, but it shows the power of competition when the playing field is leveled by using shared connectivity.

Given that the infrastructure that is used to provide GCI service to rural communities is publically funded, GCI should be required to provide access to other companies who might wish to bid on providing access rather than just making GCI more profitable to its owners outside the state. Prior to approving this merger, please consider changing how the Federal Government's funding of rural broadband in Alaska could be used to improve access and affordability through competition. While their current business model has certainly made them financially attractive to Liberty Interactive, it seems to be an inefficient use of public support and does not serve the people of Alaska.

Thank you for your consideration. While I know you have previously visited Alaska, I would like to invite you to come visit and tour again to see how the Alaska Plan might be adapted to better serve the people of the region.

Sincerely,



Senator Tom Begich
District J